

Testimony of Kenneth Cole of GCSI on House Bill 4641
Before The
Michigan Senate Economic Development Committee

(December 5th, 2012 / 1:30 p.m. / Room 402 Capitol Building / Lansing, MI 48933)

Chairman Kowall; Republican Vice Chairman Hildenbrand; Democratic Vice Chairman Hunter; distinguished members of the Senate Economic Development Committee ...
Good afternoon.

For the record, my name is Kenneth Cole. I am a principal with the lobbying firm Governmental Consultant Services Incorporated (GCSI) and lead lobbyist for the City of Detroit at the Michigan Capitol.

On behalf of Detroit Mayor Dave Bing and the honorable Detroit City Council, I first want to recognize Representative Jimmy Womack, the sponsor of House Bill 4641. He has a scheduling conflict today and, regrettably, cannot be here to testify on his bill. Both he and I, however, thank the committee for considering this meritorious legislation.

At its crux, House Bill 4641 simply seeks to continue Neighborhood Enterprise Zone tax relief for current and future owners of condominiums and apartments in mixed-use developments within the boundaries of Detroit's Downtown Development Authority.

Currently, state law affords said tax relief to the owners of such units where an NEZ *homestead facility* certificate ***"has been issued after December 31, 2006 in a city with a population of 750,000 or more."***

This change in statute was made in 2008 in recognition of the burgeoning urban-living movement that promises to help repopulate Michigan's largest city. Specifically, many young adults prefer living in Detroit in mixed-use developments with nearby retail and commercial services instead of traditional neighborhood subdivisions. Extending real property tax relief to these urban pioneers further incentivizes them to commit to the city.

Necessitating House Bill 4641 is the 2010 Census. It revealed that Detroit's population fell below 750,000. **House Bill 4641 would amend this statutory population threshold to 600,000 to continue the aforementioned tax relief, which can last up to 15 years.**

To quantify the importance of this legislation to an affected taxpayer, note that the holder of an NEZ *homestead facility* certificate in Detroit sees his / her tax rate reduced to roughly 54 mills from nearly 68. **For the owner of a condominium or apartment with a taxable value of \$50,000 in Detroit, that is the difference between paying a tax bill of \$2,700 versus \$3,400.**

You will agree that savings of that amount is significant in these tough economic times. I respectfully ask the committee to vote YES on House Bill 4641, which the House passed in February with 100 votes. Thank you for your time. I am happy to answer questions.